

ORIENTAL INTEREST BERHAD [Company No. 272144-M]

QUARTERLY REPORT

The Board of Directors is pleased to announce the interim financial statements on consolidated results for the second quarter of financial year ending 30 June 2016.

Condensed consolidated statement of profit or loss and other comprehensive income for the financial period ended 31 December 2015

[The figures have not been audited.]

	Individual Quarter		Cumulative Quarter	
	Current Year 2nd Quarter 31/12/2015 RM'000	Preceding Year Corresponding 2nd Quarter 31/12/2014 RM'000	Current Year To Date 31/12/2015 RM'000	Preceding Year Corresponding Period 31/12/2014 RM'000
Revenue	52,479	53,347	119,608	87,472
Cost of sales	(32,681)	(40,503)	(78,917)	(67,441)
Gross profit	19,798	12,844	40,691	20,031
Other income	385	299	1,024	923
Selling and distribution expenses	(772)	(309)	(1,442)	(645)
Administrative expenses	(3,403)	(2,828)	(6,573)	(5,521)
Other expenses	(704)	(824)	(1,674)	(1,483)
Results from operating activities	15,304	9,182	32,026	13,305
Finance costs	(50)	(61)	(128)	(61)
Share of profit of equity-accounted associate	5	1	10	3
Profit before tax	15,259	9,122	31,908	13,247
Taxation	(3,456)	(2,730)	(7,612)	(3,667)
Profit for the financial period/ Total comprehensive income	11,803	6,392	24,296	9,580
Total comprehensive income attributable to:				
Owners of the Company	9,097	5,331	18,846	7,920
Non-controlling interests	2,706	1,061	5,450	1,660
	11,803	6,392	24,296	9,580
Basic and diluted earnings per ordinary share (sen)	6.28	3.68	13.01	5.47

The condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the annual financial report for the financial year ended 30 June 2015.

Condensed consolidated statement of financial position as at 31 December 2015
 [The figures have not been audited.]

	31/12/2015 RM'000	30/06/2015 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	70,364	70,317
Land held for property development	72,258	72,816
Investment properties	25,384	22,100
Biological assets	1,036	1,029
Investment in an associate	5,202	5,192
Deferred tax assets	4,429	3,729
	178,673	175,183
Current assets		
Property development costs	117,038	102,844
Inventories	26	61
Developed properties	6,628	8,520
Amounts due from customers on construction contracts	4,944	3,273
Trade and other receivables	108,705	101,314
Available-for-sale financial assets	606	906
Tax recoverable	1,003	1,519
Short term deposits held as security for trade facilities	239	231
Short term deposits with licensed banks	16,045	6,936
Cash and bank balances	13,385	32,402
	268,619	258,006
TOTAL ASSETS	<u>447,292</u>	<u>433,189</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	144,871	90,545
Reserves	147,963	193,335
	292,834	283,880
Non-controlling interests	56,265	58,818
Total equity	<u>349,099</u>	<u>342,698</u>
Non-current liabilities		
Loans and borrowings	33,543	23,579
Deferred tax liabilities	351	454
	33,894	24,033
Current liabilities		
Loans and borrowings	9,732	15,741
Trade and other payables	49,701	48,779
Tax payable	4,866	1,938
	64,299	66,458
Total liabilities	<u>98,193</u>	<u>90,491</u>
TOTAL EQUITY AND LIABILITIES	<u>447,292</u>	<u>433,189</u>
Net assets per share attributable to owners of the Company (RM)	2.02	3.14

The condensed consolidated statement of financial position should be read in conjunction with the annual financial report for the financial year ended 30 June 2015.

**Condensed consolidated statement of changes in equity
for the financial period ended 31 December 2015**

[The figures have not been audited.]

	-----Attributable to owners of the Company-----							
	Non-distributable		Distributable			Total	Non-controlling interest	Total equity
Share capital	Share premium	Fair value reserves	Revaluation reserves	Retained earnings	RM'000			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 01 July 2014	90,545	186	1,061	10,974	166,672	269,438	54,963	324,401
Total comprehensive income for the financial period	-	-	-	-	7,920	7,920	1,660	9,580
Transactions with owners:								
Dividend paid								
- first and final in respect of preceding financial period	-	-	-	-	(4,527)	(4,527)	-	(4,527)
- interim in respect of current financial period	-	-	-	-	-	-	(2,351)	(2,351)
Total transactions with owners	-	-	-	-	(4,527)	(4,527)	(2,351)	(6,878)
At 31 December 2014	90,545	186	1,061	10,974	170,065	272,831	54,272	327,103
At 01 July 2015	90,545	186	42	9,872	183,235	283,880	58,818	342,698
Realisation of revaluation reserves	-	-	-	(237)	237	-	-	-
Profit for the financial period	-	-	-	-	18,846	18,846	5,450	24,296
Total comprehensive (expense)/income for the financial period	-	-	-	(237)	19,083	18,846	5,450	24,296
Transactions with owners:								
Acquisition of non-controlling interests in sub-subsidiaries	-	-	-	-	974	974	(6,881)	(5,907)
Issuance of ordinary shares:								
- bonus issue	54,326	(186)	-	-	(54,140)	-	-	-
Dividend paid								
- interim in respect of preceding financial period	-	-	-	-	(10,866)	(10,866)	-	(10,866)
- interim in respect of current financial period	-	-	-	-	-	-	(1,122)	(1,122)
Total transactions with owners of the Company	54,326	(186)	-	-	(64,032)	(9,892)	(8,003)	(17,895)
At 31 December 2015	144,871	-	42	9,635	138,286	292,834	56,265	349,099

The condensed consolidated statement of changes in equity should be read in conjunction with the annual financial report for the financial year ended 30 June 2015.

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**Condensed consolidated statement of cash flows
for the financial period ended 31 December 2015**

[The figures have not been audited.]

	Period Ended	
	31/12/2015 RM'000	31/12/2014 RM'000
Cash flows from operating activities		
Profit before tax	31,908	13,247
<i>Adjustments for:-</i>		
Depreciation and amortisation	768	734
Net interest income	(266)	(262)
Others non-cash items	(10)	37
Operating profit before changes in working capital	32,400	13,756
Net change in current assets	(18,281)	(8,938)
Net change in current liabilities	225	(2,307)
Cash generated from operating activities	14,344	2,511
Tax paid	(4,971)	(2,018)
Tax refunds	-	1,783
Net cash generated from operating activities	9,373	2,276
Cash flows from investing activities		
Interest received	394	323
Proceeds from disposal of property, plant and equipment	-	91
Proceeds from disposal of available-for-sale financial assets	300	-
Additions to property, plant and equipment	(739)	(1,305)
Additions to land held for property development	(1,333)	(40,220)
Additions to biological assets	(33)	(6)
Additions to investment properties	(3,794)	(2,347)
Net cash outflow upon loss of control of a sub-subsidiary company	-	(604)
Net cash used in investing activities	(5,205)	(44,068)
Cash flows from financing activities		
Acquisition of non-controlling interests in subsidiaries	(5,907)	-
Interest paid	(128)	(61)
Dividend paid to non-controlling interests	(1,122)	(2,351)
Dividend paid to Company's shareholders	(10,866)	(4,527)
Deposits with licensed banks pledged as security	(8)	(7)
Repayment of loans and borrowings	(20,065)	-
Drawdown of loans and borrowings	24,020	11,500
Net cash (used in)/generated from financing activities	(14,076)	4,554
Net change in cash and cash equivalents during the financial period	(9,908)	(37,238)
Cash and cash equivalents		
- at the beginning of the period	39,338	57,666
- at the end of the period	29,430	20,428
Cash and cash equivalents included in the cash flows comprise the following:-		
Short term deposits with licensed banks	16,284	671
Cash and bank balances	13,385	19,988
	29,669	20,659
Short term deposits held as security for trade facilities	(239)	(231)
	29,430	20,428

The condensed consolidated of statement of cash flows should be read in conjunction with the annual financial report for the financial year ended 30 June 2015.

Notes to the quarterly report - 31 December 2015**A. Selected Explanatory Notes to the Interim Financial Statements as required under FRS 134**
[The figures have not been audited.]**A.1. Basis of Preparation**

The interim financial statements have been prepared in accordance with Financial Reporting Standards ("FRS") 134 "Interim Financial Reporting" and Paragraph 9.22 of Listing Requirements of Bursa Malaysia Securities Berhad, and should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2015. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since financial year ended 30 June 2015.

The accounting policies and methods of computation adopted by the Group in this interim financial statements are consistent with those adopted for the annual financial statements for the financial year ended 30 June 2015.

The Group falls within the scope definition of transitioning entities and has elected to continue to apply FRS during the financial year. The Group will adopt the new IFRS-compliant framework, Malaysian Financial Reporting Standards ("MFRS") from financial year beginning on 1 July 2018. In adopting the new framework, the Group will apply MFRS 1 "First-time adoption of MFRS".

Hence, the Group will continue to apply the Financial Reporting Standard framework until financial year ending 30 June 2018. There are no other FRS or interpretations to existing standards not yet effective that would be expected to have a material impact on the Group.

A.2. Seasonal or Cyclical Factors

Seasonal or cyclical factors do not have any material impact on the Group's business operations.

A.3. Unusual Items Due to Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity and net income, or cash flows for the financial period under review.

A.4. Changes in Estimates

There were no material changes in estimates of amounts reported in prior interim period of the current financial year or changes in estimates of amounts reported in prior financial years.

A.5. Debt and Equity Securities

There were no issuance and/or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial year to date, other than as follows:-

The Company had, on 8 December 2015, completed the listing of 54,326,992 new Oriental Interest Berhad Shares ("new OIB Shares") on the Main Market of Bursa Malaysia Securities Berhad, after obtaining approval from shareholders at the Annual General Meeting of the Company held on 23 November 2015. The new OIB Shares were issued under the Proposed Bonus Issue on the basis of three (3) new OIB Shares for every five (5) existing OIB Shares held as at the book closure date on 7 December 2015. With the issuance of the new OIB Shares, the issued and paid-up share capital of the Company after the Bonus Issue will be RM144,871,994 comprising of 144,871,994 OIB Shares.

A.6. Dividend Paid

An interim single-tier dividend of 12 sen per ordinary share amounting to RM10.866million, in respect of the preceding financial year ended 30 June 2015, that was declared by the Board of Directors on 10 July 2015, had been paid on 10 August 2015.

A.7. Valuation of Property, Plant and Equipment

The valuations of property, plant and equipment have been brought forward without any amendments from the previous annual financial statements.

Notes to the quarterly report - 31 December 2015
A.8. Material Events Subsequent to the Interim Reporting Period

There were no material events that have arisen subsequent to the end of the interim reporting period, which have not been reflected in the interim financial statements.

A.9. Changes in the Composition of the Group

There were no changes in the composition of the entity during the interim reporting period.

A.10. Operating Segments

	Property Development RM'000	General Construction RM'000	Oil Palm Cultivation RM'000	Investment Holding RM'000	Others RM'000	Consolidated RM'000
Current period ended						
31 December 2015						
Revenue						
Total revenue	88,449	94,399	619	2,137	991	186,595
Inter-segment revenue	-	(64,850)	-	(2,137)	-	(66,987)
Revenue from external customers	<u>88,449</u>	<u>29,549</u>	<u>619</u>	<u>-</u>	<u>991</u>	<u>119,608</u>
Profit/(Loss)						
Reportable segment profit/(loss)	29,053	2,728	148	107	(138)	31,898
Share of profit of an associate	-	-	-	10	-	10
Profit before tax						<u>31,908</u>
Corresponding period ended						
31 December 2014						
Revenue						
Total revenue	61,108	49,833	496	3,976	826	116,239
Inter-segment revenue	-	(24,791)	-	(3,976)	-	(28,767)
Revenue from external customers	<u>61,108</u>	<u>25,042</u>	<u>496</u>	<u>-</u>	<u>826</u>	<u>87,472</u>
Profit/(Loss)						
Reportable segment profit/(loss)	11,848	1,451	5	(4)	(56)	13,244
Share of profit of an associate	-	-	-	3	-	3
Profit before tax						<u>13,247</u>

Notes to the quarterly report - 31 December 2015
A.11. Commitments

There were no changes in commitments since the last annual reporting date as at 30 June 2015, except for the following:-

	01/07/2015 RM'000	Changes RM'000	31/12/2015 RM'000
Unsecured			
Bankers' guarantee issued to third parties in favour of subsidiaries	4,128	(93)	4,035
Secured			
Fixed deposits pledged to a financial institution for bank guarantee issued to third party	200	(200)	-
Capital expenditure commitments			
Plant and equipment			
Contracted but not provided for	<u>293</u>	<u>(293)</u>	<u>-</u>
Landowners' entitlement			
Contracted but not provided for	<u>43,088</u>	<u>(2,504)</u>	<u>40,584</u>
Development land			
Contracted but not provided for	<u>-</u>	<u>18,450</u>	<u>18,450</u>
Investment properties			
Contracted but not provided for	<u>3,756</u>	<u>(3,617)</u>	<u>139</u>

A.12 Related Party Transactions

The Group's related party transaction in the current financial year to date are as follows:-

	31/12/2015 RM'000
Sale/(Purchase) of goods and services to/(from):-	
- Enterprises in which substantial interests are owned directly by persons connected with Directors of a subsidiary of the Company	(164)
- Enterprise in which substantial interests are owned directly by persons connected with Directors of a subsidiary of the Company	12
- Enterprises in which substantial interests are owned indirectly by Directors/major shareholders of the Company	(19,426)
- Enterprises in which substantial interests are owned indirectly by Directors/major shareholders of the Company	30,107
Rental income/(expenses) from/(to):-	
- Enterprise in which substantial interests are owned indirectly by Directors/major shareholders of the Company	48
- Enterprise in which substantial interests are owned indirectly by Directors/major shareholders of the Company	(6)

Notes to the quarterly report - 31 December 2015**B. Additional Information required by the Bursa Malaysia Securities Listing Requirements in relation to the issuance of the Interim Financial Statements**

[The figures have not been audited.]

B.1. Review of Performance of the Company and its Principal Subsidiaries

Although revenue of the Group recorded in the reporting financial quarter of RM52.479million was marginally lower by 2% compared with the corresponding financial quarter, pre-tax profit of the Group rose by 67% to achieve RM15.259million. Together with the record breaking results of the previous financial quarter, revenue and pre-tax profit of the Group surged by 37% and 141% respectively, registering RM119.608million and RM31.908million for the first six-month of the reporting financial year.

Property Development remains major contributor to the Group's results, achieving billings and pre-tax profit of RM43.375million and 14.499million respectively for the reporting quarter, representing 10% and 88% increase respectively, compared with the corresponding financial quarter. Compared with half-year results of the last financial year, RM88.450million of billings and RM29.053million of pre-tax profit recorded show 45% and 165% growth respectively. The continuing remarkable results were predominantly due to much improved project margin.

Meanwhile, General Construction experienced 37% and 50% reduction in billings and pre-tax profit respectively compared with the corresponding financial quarter, mainly due to proportionately more construction works were carried out for intra-group property development companies, due to flourishing activities of Property Development. However, with the excellent results registered in the previous financial quarter by General Construction, its total billings for the half-year of the current financial year were still 18% and 16% higher compare with the first half-year of the last financial year.

Compared with the corresponding financial quarter, revenue and pre-tax profit for Oil Palm Cultivation rose by 41% and 1,650% respectively; consequently revenue and pre-tax profit for the half-year for the current financial year increased by 25% and 2,860% compare with the last financial year, mainly due to increased in tonnage harvested with crude palm oil price almost unchanged.

B.2. Material Changes in the Quarterly Results as compared with the Preceding Quarter

Compared with the recording breaking results reported in the preceding financial quarter, revenue and pre-tax profit of the Group were 22% and 8% lower respectively. Although billings for Property Development reduced by 4%, it almost maintained pre-tax profit with a negligible less than 1% drop. Whereas General Construction saw its billings to external customers slid by 62%, resulting in 71% drop in pre-tax profit. Meanwhile, reduced tonnage harvested had seen revenue of Oil Palm Cultivation fell by 15%, but improved price of crude palm oil had more than compensating effect resulting in 144% increase in pre-tax profit.

B.3. Prospects for the Current Financial Year

The uncertainties and unfavourable factors continued to have an adverse effect on the national economy as a whole. The remedies proposed in Budget 2016, as claimed by some Government supporters, remained sceptical by others. Even the latest proposed reduction in employees' contribution rate, in the hope of encouraging consumers spending, as stimulus to help revive our economies was perceived by many to have negligible effect. The root cause for all the cautions and concerns are simply due to lack of confidence on the timing of recovery of our economies.

It is widely expected that the short and medium term would be a great challenge for local property market; hence, OIB Group is taking steps to strategize its business plan so as to reduce the manageable risk to minimal. With the Board firmly in control and the confidence it has on the management, OIB Group is expected to be profitable for the current financial year.

Notes to the quarterly report - 31 December 2015
B.4. Variance of Actual Profit from Forecast Profit

Not applicable. The Group has not given any profit forecast nor profit guarantee in respect of any corporate proposals.

B.5. Profit Before Taxation

	Current Year 2nd Quarter 31/12/2015 RM'000	Current Year To Date 31/12/2015 RM'000
Profit before taxation is arrived at after (charging)/crediting:-		
Depreciation and amortisation	(446)	(768)
Interest expense	(50)	(128)
Rental income	186	373
Interest income	108	394
Other income	91	257

Save as disclosed above, the other items as required under Appendix 9B, Part A(16) of the Bursa Listing Requirements are not applicable.

B.6. Taxation

	Current Year 2nd Quarter 31/12/2015 RM'000	Current Year To Date 31/12/2015 RM'000
Malaysian income tax based on the profit for the financial period	3,910	8,414
Transfer from deferred taxation	(454)	(802)
	<u>3,456</u>	<u>7,612</u>

The effective tax rate of the Group for the financial periods are approximate to the statutory income tax rate.

B.7. Status of Corporate Proposals

There were no corporate proposals that have been announced but not completed as at 12 February 2016, the latest practicable date which is not earlier than 7 days from the date of issuance of this interim financial statements.

Notes to the quarterly report - 31 December 2015
B.8. Group Borrowings and Debt Securities

The Group's borrowings as at 31 December 2015 are as follows:-

		Secured RM'000	Unsecured RM'000	Total RM'000
Long Term: -	Term loans	33,543	-	33,543
Short Term: -	Current portion of term loans	5,232	-	5,232
	Unsecured revolving credit	-	4,500	4,500
		<u>38,775</u>	<u>4,500</u>	<u>43,275</u>

B.9. Derivative Financial Instrument

The Group did not have any derivative financial instruments as at the end of the reporting period.

B.10. Gain and losses arising from Fair Value Changes of Financial Liabilities

There were no gain and losses arising from fair value changes of financial liabilities for the current quarter and current financial year to date.

B.11. Realised and Unrealised Earnings or Losses Disclosure

The retained earnings are analysed as follows:-

	Current Year To date 31/12/2015 RM'000	Preceding Financial Year 30/06/2015 RM'000
Total retained earnings of the Company and its subsidiaries:-		
- Realised	150,447	192,966
- Unrealised	182	161
	<u>150,629</u>	<u>193,127</u>
Total share of retained earnings from an associated company:-		
- Realised	33	23
- Unrealised	-	-
	<u>150,662</u>	<u>193,150</u>
Less : Consolidation adjustments	<u>(12,376)</u>	<u>(9,915)</u>
Total group retained earnings as per consolidated financial statements	<u>138,286</u>	<u>183,235</u>

B.12. Changes in Material Litigation

There were no pending material litigation as at 12 February 2016, the latest practicable date which is not earlier than 7 days from the date of issuance of this interim financial statements.

Notes to the quarterly report - 31 December 2015
B.13. Dividend

Other than the dividend paid as disclosed in Note A6 herein, the Board of Directors does not recommend any payment of dividend in respect of the current financial year ending 30 June 2016.

B.14. Earnings Per Share ("EPS")

	Current Year 2nd Quarter 31/12/2015 RM'000	Current Year To Date 31/12/2015 RM'000
(a) Basic		
Profit attributable to owners of the parent	<u>9,097</u>	<u>18,846</u>
Number of ordinary shares in issue at beginning of the period ('000)	<u>144,871</u>	<u>144,871</u>
Basic EPS (sen)	<u>6.28</u>	<u>13.01</u>
(b) Diluted		

The Group has no dilution in its earnings per ordinary share in the quarter under review / financial year to date as there are no dilutive potential ordinary shares.

B.15. Audit report for the preceding annual financial statements

There was no qualification on the report of the auditors on the annual financial statements of the Company for the immediate preceding financial year.

By order of the Board

Tai Yit Chan (MAICSA 7009143)
Ong Tze-En (MAICSA 7026537)
 [Joint Company Secretaries]

19 February 2016